

Bonanza Road Condominiums/ El Capitan MHP, LLC
4901 E. Bonanza Road
ZON-12127, SDR-12128, GPA-12129
City Council Meeting-Outline
August 16, 2006, 1:00 pm

I. Current Breakdown of Park

- a. Configured for 72 spaces
 - i. **11** Vacant
 - ii. **34** Park-Owned
 - iii. **23** Tenant-Owned
 - 1. **16** Movable]21
 - 2. **5** Possibly Movable]
 - 3. **2** Immovable
 - iv. **4** Legal Action In Progress

II. Compensation Schedule-

[Planning Commission 4-3, Evans, Goynes, and Dunnam dissented]

- a. **Modeled after the Clark County Compromise Agreement**
 - i. *but not moving across state lines, due to unreasonable mover licensing issues*
- b. **Compensation Schedule**
 - i. 9 months' notice to vacate (owners); 3 months' notice to vacate (renters)
 - ii. Relocation of unit up to 100 miles (if movable and owner so desires); *but not across state lines, due to unreasonable mover licensing issues*
 - iii. \$1,500 payment to help offset moving costs
 - iv. Landlord payment of demolition costs for immovable mobile homes if appraised value is \$10,000 or less (County Compromise Agreement only requires \$5,000)
 - v. Landlord payment for relocation of accessory structures; \$250 for immovable sheds
- c. **A substantial portion of the profits are earmarked for charitable donation.**

Some will be disbursed as aid to residents in cases of extreme need

 - i. Park owned units may be used if needed

III. Ample Availabilities of MH Lots

- a. 212 Spaces vacant within a 5 Mile Radius
- b. Comparable Parks & Comparable Rents
 - i. \$450 average rent, \$337 effective rent after lot subsidy

Submitted at City Council

Date 8/16/06 Item 794-96

August 11, 2006

**Bonanza Road Condominiums/ El Capitan MHP, LLC
4901 E. Bonanza Road
ZON-12127, SDR-12128, GPA-12129**

Synopsis: Through the applications indicated above, El Capitan MHP, LLC has requested a change in the use of the 7.27 acre property it owns at 4901 E. Bonanza Road. These applications request: 1) changing zoning to R-5 from the current R-MHP; 2) amending the general plan to high density from the current medium-low density. More broadly, our applications contemplate closing the current mobile home park in order to develop a 348 unit condominium project.

The astronomical rise in land prices in and around Las Vegas has precipitated the conversion of many mobile home parks in recent years. The resulting displacement of low-income residents has understandably concerned many of the city's leaders. In the spring of 2006, the Clark County Commission reached a compromise agreement with park owners in unincorporated Clark County in order to resolve this situation. Under this agreement, the County Commission has enumerated heightened compensation criteria for mobile home owners that must be met before approval of new rezoning requests. Although our project has been enthusiastically approved by Planning Department staff, the Planning Commission was less enthusiastic at the meeting of April 13, 2006, giving a lukewarm approval of 4-3. Planning Commissioners Evans, Goynes, and Dunnam dissented, voting no. Our project necessitates a General Plan Amendment, which requires a supermajority vote of the Planning Commission. As such, our applications are advanced to the City Council with a Planning Commission vote tantamount to denial. The comments of the dissenting Commissioners focused upon the issue of displaced owner-residents. El Capitan MHP, LLC indicated its intention of following of compensating owner-residents beyond the requirements of Nevada law, but due to the early stage of the development process, could not reasonably commit to firm criteria.

El Capitan MHP, LLC has now been able to commit to concrete compensation criteria. Although the property falls within the jurisdiction of the City of Las Vegas, in which there has been no agreement for increased tenant-owner compensation, we have modeled our heightened compensation criteria after that specified under the Clark County compromise agreement.

At the time of our application submittal, the 72 space park contained **10 vacant spaces, 27 park-owned** units, and **35 resident-owned units**. The resident-owned units were further specified as follows: a) **16** mobile homes that can **likely be moved** with only minor difficulty; b) **13** mobile homes that **cannot be moved safely**; c) **6** mobile homes of **inconclusive movability**.

Our group has been actively working with the owner-tenants, successfully purchasing a number of homes with compensation allowing these tenants to relocate to comparable accommodation. As of today, the park contains **11 vacant lots, 34 park-owned units, and 23 tenant-owned units**. Of the tenant-owned units, however, **2 are immovable** and used by the owners in good standing. 4 units are in compromised legal standing. Please see attached section I.D for detailed explanation.

I. RESIDENT DISPLACEMENT

A. Compensation Criteria

El Capitan MHP, LLC has adopted or exceeded the heightened compensation criteria specified by the Clark County Commission compromise agreement, except with regard to moving mobile homes across state lines. We contend that such a requirement is unreasonable and in fact impractical. Each state requires its own licensure for the tear-down, transport, and installation of mobile homes. Transport across state lines will require a license for both states. El Capitan MHP, LLC has not been able to find a Nevada-licensed mover/installer that is also licensed in neighboring states.

State Law (NRS 118B.183)

- 6 month's notice to vacate (owners); 1 month's notice to vacate (renters)
- Relocation of unit up to 50 miles (if movable and owner so desires);
- Tenant-Owner payment of demolition costs for all immovable mobile homes (which can range from approximately \$1,500 to \$2,000)

El Capitan MHP, LLC Compensation

- 9 months' notice to vacate (owners); 3 months' notice to vacate (renters)
- Relocation of unit up to 100 miles (if movable and owner so desires); ***but not across state lines, due to unreasonable mover licensing issues***
- \$1,500 payment to help offset moving costs
- Landlord payment of demolition costs for immovable mobile homes if appraised value is \$10,000 or less (County Compromise Agreement only requires \$5,000)
- Landlord payment for relocation of accessory structures; \$250 for immovable sheds

B. Ample Availabilities within 5 mile radius

Contrary to common belief and media reports, numerous vacant mobile home lots are available in the valley. El Capitan currently contains 24 tenant-owned mobile homes. As the table below shows, **212 vacant lots are available within a 5 mile radius of El Capitan**, in parks that accept homes of the same caliber as those now in El Capitan.

Mobile Home Lot Availabilities: Last Verified July 18, 2006

| <u>Park Name</u> | <u>Address</u> | <u>Lot Rent/mo</u> | <u>Availability</u> | <u>Distance to El Capitan</u> |
|--------------------------------|---|--|----------------------------|--------------------------------------|
| El Adobe | 825 N. Lamb Blvd. Las Vegas, NV 89110 | \$454 sgl \$469 dbl | 144 | 1.1 miles |
| Pecos Park Coach Club | 200 N. Pecos Rd. Las Vegas, NV 89101 | \$425 | 3 | 2.4 miles |
| Pueblo Del Sol Family MH Park | 3751 S. Nellis Blvd. Las Vegas, NV 89121 | \$498 sgl \$508 dbl <i>\$750- rental</i> | 20 [4 rental] | 3.9 miles |
| Shadow Mountain Village | 2800 S. Lamb Blvd. Las Vegas, NV 89121 | \$384 sgl \$393 dbl | 13 | 3.7 miles |
| Storeyville Mobile Home Resort | 3755 N. Nellis Blvd. Las Vegas, NV 89115 | \$431 <i>\$600- rental</i> | 12 | 4.1 miles |
| Three Crowns MH Park | 867 N. Lamb Blvd. Las Vegas, NV 89110 | \$485 | 20 | 1.2 miles |
| TOTAL | | \$450 avg. [75%=\$337] | 212 | |

C. Lot Rent Subsidy Program-Manufactured Housing Division

Although the rents in nearby comparable parks average above those currently charged by El Capitan, the Manufactured Housing Division offers the Lot Rent Subsidy Program. No El Capitan Residents currently participate in the program, although many are likely eligible. The subsidy will defray the average lot rent at nearby parks to \$337 per month, which is actually lower than El Capitan's rent of \$340 per month. It must also be understood that El Capitan's lot rent is artificially reduced well below market rate, as NRS 118B mandates freezes this rent during any park conversion process.

- Funded through annual lot fees paid by park owners
- To qualify, mobile home owner must have income below **poverty line** and assets below \$10,000
- Program pays 25% of monthly space rent
 - Note: Average lot rent at nearby parks is \$450
 - But, no El Capitan Residents currently receive a subsidy under that program

- *With subsidy, rent to tenant-owner averages \$337 vs. El Capitan's current rent of \$340*

D. Current Status of Immovable Tenant-Owned Mobile Homes

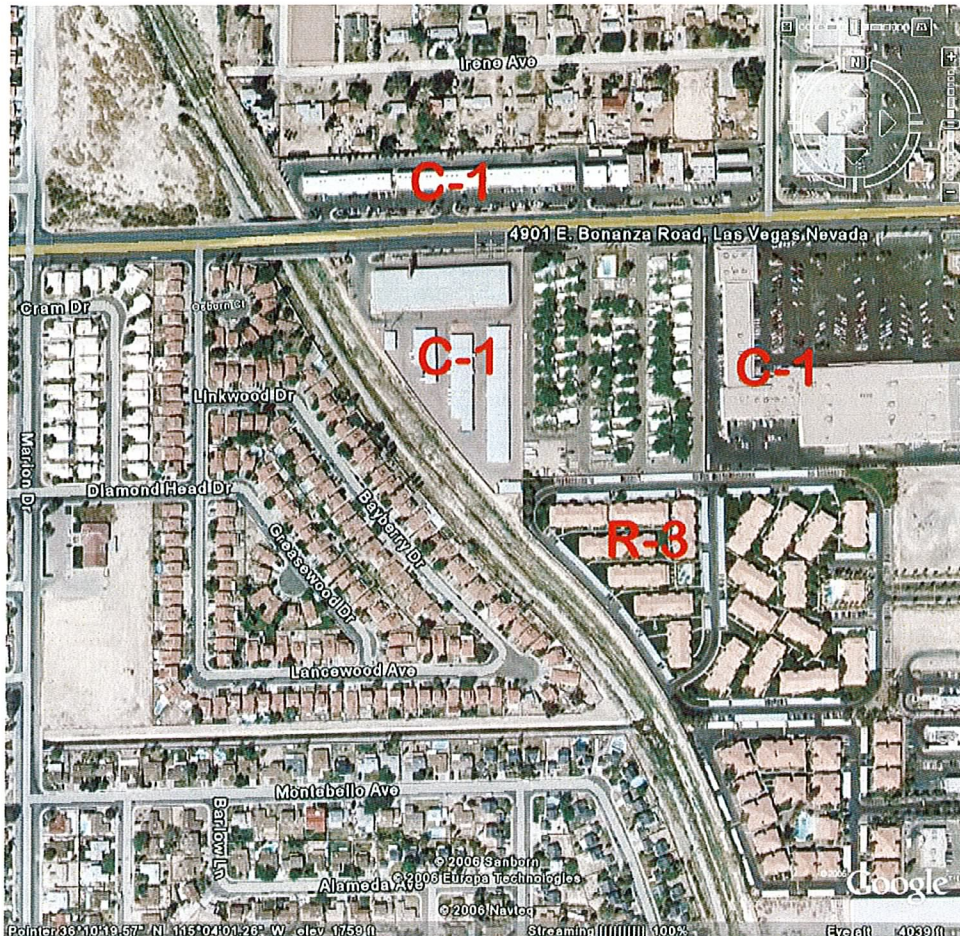
Remaining Units to be Purchased (2)

- **Unit No. 8:** The current owner-occupant is an elderly man with family living locally in an affluent neighborhood on the west side. We have been actively negotiating, having already offered \$1,500 above the unit's appraised value in addition to waiving disposal costs. We have also located comparable units for sale in nearby parks, which are selling for similar amounts to the compensation already offered. The owner categorically refuses to speak with us regarding sale of his unit, and has referred us to his daughter. The owner and his daughter, however, have been unreasonable and uncooperative. We have attempted numerous phone conversations, which have not been productive. After much effort, we scheduled a meeting to finalize compensation. In order to make the meeting, one of the owners even rescheduled business trips. The daughter simply failed to show up for the meeting.
- **Unit No. 43:** The current owner's primary residence is in California, and he only lives in the unit occasionally and briefly. He is a self-described businessman, who purportedly owns a number of bars. El Capitan MHP, LLC has already offered \$1,500 above the unit's appraised value in addition to waiving disposal costs. This amount is over double the amount due to the owner by law. It is our impression that the owner is being uncooperative in hopes of receiving more money. This is not a case of need or hardship: In the owner's own written correspondence, "money is not of dire need."

Units Lacking Legitimate Ownership (4)

- **Unit No. 21:** The current owner lives in California, and does not reside at this unit. Due to non-payment of park lot rent, foreclosure proceedings have been initiated.
- **Unit No. 31:** The registered owner/lessee is deceased. Due to non-payment of park lot rent, foreclosure proceedings have been initiated.
- **Unit No. 34:** The associated loan is in default, and has been for some time. The amount due to the lien-holder is no less than \$7,000 in excess of the unit's appraised value.
- **Unit No. 47:** Without management's consent or knowledge, the registered lessee purportedly transferred this unit to his brother. However, records of the Manufactured Housing Division indicate that title is held by an altogether unrelated party. Neither the lessee nor the purported owner currently occupy the unit. The park will be pursuing legal action.

II. SURROUNDING LAND USE



Not a 'Project of Regional Significance'

Increased Property Taxes Per Residence

- El Capitan MHP Value: \$3 million] over 18 times value
- Bonanza Condominiums Value: over \$55 million]
- 4 times property taxes per unit (3.79)

III. APPLICABLE LAWS

NRS 118B.183 Obligations of landlord for conversion of park to other use: Notices; liability for payment of cost of moving or fair market value of manufactured home; restrictions regarding increase in rent.

1. A landlord may convert an existing manufactured home park to any other use of the land if the change is approved by the appropriate local zoning board, planning commission or governing body. In addition to any other reasons, a landlord may apply for such approval if the landlord is forced to close the manufactured home park because of a valid order of a state or local governmental agency or court requiring the closure of the manufactured home park for health or safety reasons.

2. The landlord may undertake a conversion pursuant to this section only if:

(a) The landlord gives notice in writing to each tenant within 5 days after he files his application for the change in land use with the local zoning board, planning commission or governing body;

(b) The landlord pays the amount described in subsection 3 or 4, in accordance with the choice of the tenant; and

(c) After the landlord is granted final approval of the change by the appropriate local zoning board, planning commission or governing body, written notice is served on each tenant in the manner provided in NRS 40.280, giving the tenant at least 180 days after the date of the notice before he is required to move his manufactured home from the lot.

3. If the tenant chooses to move the manufactured home, the landlord shall pay to the tenant:

(a) The cost of moving the tenant's manufactured home and its appurtenances to a new location within 50 miles from the manufactured home park; or

(b) If the new location is more than 50 miles from the manufactured home park, the cost of moving the manufactured home for the first 50 miles,

↪ including fees for inspection, any deposits for connecting utilities and the cost of taking down, moving, setting up and leveling his manufactured home and its appurtenances in the new lot or park.

4. If the tenant chooses not to move the manufactured home, the manufactured home cannot be moved without being structurally damaged, or there is no manufactured home park within 50 miles that is willing to accept the manufactured home, the landlord:

(a) May remove and dispose of the manufactured home; and

(b) Shall pay to the tenant the fair market value of the manufactured home less the reasonable cost of removing and disposing of the manufactured home.

5. A landlord shall not increase the rent of any tenant:

(a) For 180 days before filing an application for a change in land use, permit or variance affecting the manufactured home park; or

(b) At any time after filing an application for a change in land use, permit or variance affecting the manufactured home park unless:

(1) The landlord withdraws the application or the appropriate local zoning board, planning commission or governing body denies the application; and

(2) The landlord continues to operate the manufactured home park after the withdrawal or denial.

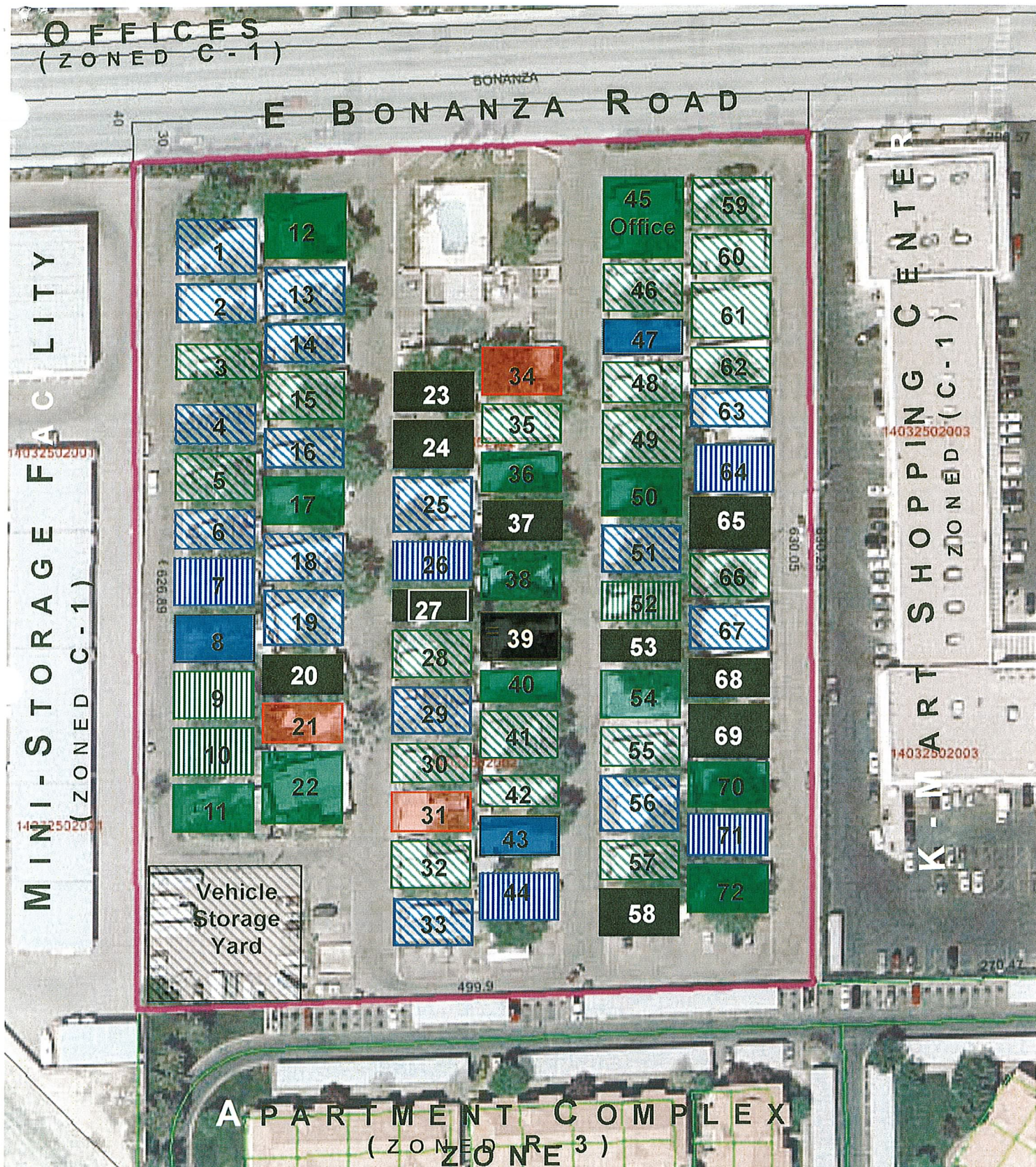
6. For the purposes of this section, the fair market value of a manufactured home and the reasonable cost of removing and disposing of a manufactured home must be determined by:

(a) A dealer licensed pursuant to chapter 489 of NRS who is agreed upon by the landlord and tenant; or

(b) If the landlord and tenant cannot agree pursuant to paragraph (a), a dealer licensed pursuant to chapter 489 of NRS who is selected for this purpose by the Division.

7. The provisions of this section do not apply to a corporate cooperative park.

(Added to NRS by 1987, 930; A 1989, 1797; 1991, 2279; 2001, 1184, 1946; 2003, 2477; 2005, 1603, 2329)



EL CAPITAN AERIAL VIEW (7/12/06) • 4901 E. Bonanza Road • Las Vegas, NV 89110-3565



SOLID [Solid] Immovable **[Hatched]** [Hatched] Movable **[Vertical]** [Vertical] Unknown
Movability

GREEN: Park Owned (34)

BLACK: Vacant (11)

BLUE: Tenant Owned (24)

RED: Foreclosure/Default (8)
Eviction